
Unaudited Condensed Interim Financial Statements
For the Third Quarter and Nine Months Ended 30 September 2021

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Condensed Interim Consolidated Statement of Profit or Loss and Other Comprehensive Income

		The Group					
		3rd quarter ended	3rd quarter ended		9 months ended	9 months ended	
	Note	30.09.2021	30.09.2020	Change	30.09.2021	30.09.2020	Change
		RM'000	RM'000	%	RM'000	RM'000	%
Revenue	4	79,742	78,558	2%	223,026	268,124	(17%)
Cost of sales		(61,574)	(55,002)	12%	(163,085)	(203,876)	(20%)
Gross profit		18,168	23,556	(23%)	59,941	64,248	(7%)
Other income	5	13,309	2,186	>100%	17,257	8,038	>100%
Selling and administrative expenses		(9,013)	(8,194)	10%	(23,923)	(30,523)	(22%)
Impairment on property, plant and equipment		(15)	(29,878)	(100%)	(3,012)	(285,234)	(99%)
Impairment on investment in an associate		-	-	n.m.	-	(17,288)	n.m.
Impairment on investment in a joint venture		-	-	n.m.	-	(1,430)	n.m.
Impairment on trade and other receivables reversed/(made)		-	839	n.m.	-	(7,356)	n.m.
Inventories written down		-	(19,633)	n.m.	-	(33,138)	n.m.
Other operating expenses		(2,856)	(15,645)	(82%)	(26,308)	(27,109)	(3%)
Operating profit/(loss)		19,593	(46,769)	<(100%)	23,955	(329,792)	<(100%)
Finance costs		(8,154)	(8,027)	2%	(26,525)	(29,394)	(10%)
Share of results of equity accounted joint ventures, net of tax		(10)	(843)	(99%)	(1,937)	(1,350)	43%
Share of results of equity accounted associates, net of tax		-	(306)	n.m.	-	(1,519)	n.m.
Profit/(Loss) before tax	6	11,429	(55,945)	<(100%)	(4,507)	(362,055)	(99%)
Income tax expense	7	(3,515)	(4,986)	(30%)	(4,697)	(6,453)	(27%)
Profit/(Loss) for the financial period		7,914	(60,931)	<(100%)	(9,204)	(368,508)	(98%)

n.m. : Not meaningful

Condensed Interim Consolidated Statement of Profit or Loss and Other Comprehensive Income (Cont'd)

	The Group					
	3rd quarter ended 30.09.2021 RM'000	3rd quarter ended 30.09.2020 RM'000	Change %	9 months ended 30.09.2021 RM'000	9 months ended 30.09.2020 RM'000	Change %
Note						
Other comprehensive income						
Exchange differences on translating foreign operations	10,614	5,661	87%	20,299	5,443	>100%
Other comprehensive income for the financial period, net of tax	10,614	5,661	87%	20,299	5,443	>100%
Total comprehensive income/(loss) for the financial period	18,528	(55,270)	<(100%)	11,095	(363,065)	<(100%)
Profit/(Loss) attributable to:						
Owners of the parent	7,779	(60,827)	<(100%)	(9,990)	(369,058)	(97%)
Non-controlling interest	135	(104)	<(100%)	786	550	43%
Profit/(Loss) for the financial period	7,914	(60,931)	<(100%)	(9,204)	(368,508)	(98%)
Total comprehensive loss attributable to:						
Owners of the parent	18,393	(55,166)	<(100%)	10,309	(363,615)	<(100%)
Non-controlling interest	135	(104)	<(100%)	786	550	43%
Total comprehensive profit/(loss) for the financial period	18,528	(55,270)	<(100%)	11,095	(363,065)	<(100%)
Earnings per share for loss for the period attributable to the owners of the Company						
Weighted average number of shares in issue (basic)	7,816,909,146	7,272,640,629		7,749,124,789	7,252,499,404	
Weighted average number of shares in issue (diluted)	7,816,909,146	7,272,640,629		7,749,124,789	7,252,499,404	
Basic loss per share (Malaysia sen)	0.10	(0.84)		(0.13)	(5.09)	
Diluted loss per share (Malaysia sen)	0.10	(0.84)		(0.13)	(5.09)	

The basic and diluted loss per share are the same as the outstanding contingently issuable shares were anti-dilutive.

Condensed Interim Statements of Financial Position

	Note	The Group		The Company	
		30.09.2021	31.12.2020	30.09.2021	31.12.2020
		RM'000	RM'000	RM'000	RM'000
ASSETS					
Non-current assets					
Property, plant and equipment	10	453,756	485,627	-	-
Subsidiaries		-	-	-	-
Joint ventures		1,111	667	-	-
Associates		-	-	-	-
		<u>454,867</u>	<u>486,294</u>	<u>-</u>	<u>-</u>
Current assets					
Inventories		23,184	17,922	-	-
Trade and other receivables	11	180,206	125,423	213	213
Prepayments		5,080	2,367	70	23
Current tax recoverable		1,223	1,113	-	-
Fixed deposits		1,032	1,005	-	-
Cash and bank balances		34,641	95,350	97	158
		<u>245,366</u>	<u>243,180</u>	<u>380</u>	<u>394</u>
TOTAL ASSETS		<u>700,233</u>	<u>729,474</u>	<u>380</u>	<u>394</u>
EQUITY AND LIABILITIES					
Equity					
Share capital	12	3,836	3,552	3,836	3,552
Share premium	12	309,357	303,028	309,357	303,028
Treasury shares		(4,097)	(4,097)	(4,097)	(4,097)
Other reserves		330,845	310,361	781,384	778,608
Accumulated losses		(1,397,757)	(1,387,767)	(1,890,562)	(1,857,683)
		<u>(757,816)</u>	<u>(774,923)</u>	<u>(800,082)</u>	<u>(776,592)</u>
Non-controlling interest		<u>4,280</u>	<u>3,494</u>	<u>-</u>	<u>-</u>
Total equity		<u>(753,536)</u>	<u>(771,429)</u>	<u>(800,082)</u>	<u>(776,592)</u>
Non-current liabilities					
Deferred tax liabilities		2,870	3,126	-	-
Lease liabilities		11,677	990	-	-
Trade and other payables		67,346	127,675	-	-
		<u>81,893</u>	<u>131,791</u>	<u>-</u>	<u>-</u>

Condensed Interim Statements of Financial Position (Cont'd)

		The Group		The Company	
		30.09.2021	31.12.2020	30.09.2021	31.12.2020
		RM'000	RM'000	RM'000	RM'000
EQUITY AND LIABILITIES (Contd.)					
Current liabilities					
Lease liabilities		7,569	714	-	-
Borrowings	13	999,873	997,175	679,418	670,869
Trade and other payables		314,561	325,424	77,008	62,081
Current tax payable		5,837	1,763	-	-
Provisions		44,036	44,036	44,036	44,036
		<u>1,371,876</u>	<u>1,369,112</u>	<u>800,462</u>	<u>776,986</u>
Total liabilities		<u>1,453,769</u>	<u>1,500,903</u>	<u>800,462</u>	<u>776,986</u>
TOTAL EQUITY AND LIABILITIES					
		<u>700,233</u>	<u>729,474</u>	<u>380</u>	<u>394</u>

Condensed Interim Statements of Changes in Equity

	Share capital RM'000	Share premium RM'000	Treasury shares RM'000	Foreign currency translation reserve RM'000	Available- for-sale reserve RM'000	Share grant reserve RM'000	Accumulated losses RM'000	Equity attributable to owners of the parent RM'000	Non- controlling interest RM'000	Total equity RM'000
The Group										
At 1 January 2021	3,552	303,028	(4,097)	312,171	(4,401)	2,591	(1,387,767)	(774,923)	3,494	(771,429)
Loss for the period	-	-	-	-	-	-	(9,990)	(9,990)	786	(9,204)
Other comprehensive income	-	-	-	20,299	-	-	-	20,299	-	20,299
Issuance of										
non-sustainable debt shares	218	4,848	-	-	-	-	-	5,066	-	5,066
Issuance of term loan shares	66	1,481	-	-	-	-	-	1,547	-	1,547
Share grant plan expenses	-	-	-	-	-	185	-	185	-	185
At 30 September 2021	3,836	309,357	(4,097)	332,470	(4,401)	2,776	(1,397,757)	(757,816)	4,280	(753,536)
At 1 January 2020	3,484	300,417	(4,097)	316,575	(4,401)	1,351	(983,611)	(370,282)	6,062	(364,220)
Loss for the period	-	-	-	-	-	-	(368,954)	(368,954)	446	(368,508)
Other comprehensive income	-	-	-	5,443	-	-	-	5,443	-	5,443
Issuance of term loan shares	68	2,611	-	-	-	-	-	2,679	-	2,679
Share grant plan expenses	-	-	-	-	-	1,101	-	1,101	-	1,101
Dividend paid to										
non-controlling interest										
of a subsidiary	-	-	-	-	-	-	-	-	(2,400)	(2,400)
At 30 September 2020	3,552	303,028	(4,097)	322,018	(4,401)	2,452	(1,352,565)	(730,013)	4,108	(725,905)

Condensed Interim Statements of Changes in Equity (Cont'd)

	Share capital RM'000	Share premium RM'000	Share grant reserve RM'000	Treasury shares RM'000	Contributed surplus RM'000	Accumulated losses RM'000	Equity attributable to owners of the parent RM'000
The Company							
At 1 January 2021	3,552	303,028	2,591	(4,097)	778,608	(1,860,274)	(776,592)
Loss for the period	-	-	-	-	-	(30,288)	(30,288)
Issuance of non-sustainable debt shares	218	4,848	-	-	-	-	5,066
Issuance of term loan shares	66	1,481	-	-	-	-	1,547
Share grant plan expenses	-	-	185	-	-	-	185
At 30 September 2021	3,836	309,357	2,776	(4,097)	778,608	(1,890,562)	(800,082)
At 1 January 2020	3,484	300,417	1,351	(4,097)	778,608	(1,805,737)	(725,974)
Loss for the period	-	-	-	-	-	(5,900)	(5,900)
Issuance of term loan shares	68	2,611	-	-	-	-	2,679
Share grant plan expenses	-	-	1,101	-	-	-	1,101
At 30 September 2020	3,552	303,028	2,452	(4,097)	778,608	(1,811,637)	(728,094)

Note:

On 9 March 2020, share awards amounted to 70,179,408 shares was granted in respective financial years, pursuant to the Nam Cheong Management Incentive Plan ("NCMI Plan").

Condensed Interim Consolidated Statements of Cash Flows

	The Group			
	3rd quarter ended 30.09.2021 RM'000	3rd quarter ended 30.09.2020 RM'000	9 months ended 30.09.2021 RM'000	9 months ended 30.09.2020 RM'000
Operating activities				
Profit/(Loss) before tax	11,429	(55,945)	(4,507)	(362,055)
Adjustments for:				
Accretion of non-current trade payables	6,613	6,315	12,470	13,682
Depreciation of property, plant and equipment	7,382	6,384	20,346	24,104
Loss/(Gain) on disposal of property, plant and equipment	-	(869)	564	(1,040)
Contract termination expenses relating to prepayments for inventories	-	48	-	48
Impairment on property, plant and equipment	15	29,878	3,012	285,234
Impairment of investment in an associate	-	-	-	17,288
Impairment of investment in a joint venture	-	-	-	1,430
Impairment of trade and other receivables (reversed)/made	-	(839)	-	7,356
Inventories written down	-	19,633	-	33,138
Interest expense	8,154	8,027	26,525	29,394
Interest income	(280)	(608)	(1,370)	(1,736)
Property, plant and equipment written off	-	1	-	793
Share grant expense	-	128	185	1,101
Share of results of equity accounted joint ventures, net of tax	10	843	1,937	1,350
Share of results of equity accounted associate, net of tax	-	306	-	1,519
Waiver of debts	(12,707)	-	(12,707)	(805)
Waiver of prepaid land lease payments	-	-	-	(2,528)
Total adjustments	9,187	69,247	50,962	410,328
Operating cash before working capital changes	20,616	13,302	46,455	48,273
Changes in working capital:				
Changes in inventories	(2,481)	(3,161)	(5,262)	38,237
Changes in receivables	14,694	(5,659)	12,760	32,697
Changes in prepayments	129	(231)	(2,682)	1,427
Changes in payables	(70,110)	(20,274)	(78,145)	(97,349)
Total changes in working capital	(57,768)	(29,325)	(73,329)	(24,988)
Cash from operations	(37,152)	(16,023)	(26,874)	23,285
Interest paid	(3,449)	(3,984)	(9,824)	(12,178)
Taxes paid, net of refund	-	(278)	(1,246)	(1,667)
Net cash (used in)/from operating activities	(40,601)	(20,285)	(37,944)	9,440

Condensed Interim Consolidated Statements of Cash Flows (Cont'd)

	The Group			
	3rd quarter ended 30.09.2021 RM'000	3rd quarter ended 30.09.2020 RM'000	9 months ended 30.09.2021 RM'000	9 months ended 30.09.2020 RM'000
Investing activities				
Acquisition of property, plant and equipment	(1,113)	(19)	(14,228)	(1,050)
Interest received	280	608	1,370	1,736
Acquisition of shares in an associate	-	-	-	(490)
Subscription of shares in a joint venture	-	-	(2,383)	-
Proceeds from disposal of property, plant and equipment	-	869	-	1,043
Net cash (used in)/from investing activities	(833)	1,458	(15,241)	1,239
Financing activities				
Repayments of bank borrowings	-	-	-	(2,309)
Repayments of lease liabilities	(2,194)	-	(5,207)	-
Increase in fixed deposits pledged	-	-	-	(18)
Dividend paid	-	(2,400)	-	(2,400)
Net cash used in financing activities	(2,194)	(2,400)	(5,207)	(4,727)
Net changes in cash and cash equivalents	(43,628)	(21,227)	(58,392)	5,952
Effects of exchange fluctuations on cash and cash equivalents	(1,152)	2,147	(2,290)	2,539
Cash and cash equivalents at 1 July/1 January	80,164	74,778	96,066	47,207
Cash and cash equivalents at 30 September	35,384	55,698	35,384	55,698
Cash and cash equivalents comprise the following as at the statements of financial position date:				
Fixed deposits with licensed banks	1,032	1,002	1,032	1,002
Cash and bank balances	34,641	54,985	34,641	54,985
	35,673	55,987	35,673	55,987
Less: Restricted fixed deposits with licensed banks	(289)	(289)	(289)	(289)
Total cash and cash equivalents	35,384	55,698	35,384	55,698

Notes to the Condensed Interim Consolidated Financial Statements

1. Corporate information

Nam Cheong Limited (the "Company") is incorporated as a limited liability company and domiciled in Bermuda. The Company's shares are publicly traded on the Mainboard of the Singapore Exchange. These condensed interim consolidated financial statements as at and for the nine months ended 30 September 2021 comprise the Company and its subsidiaries (collectively, the "Group").

The principal activities of the Company are those relating to investment holding. The principal activities of the Group are those of shipbuilding and vessel chartering.

2. Basis of preparation

The condensed interim financial statements for the nine months ended 30 September 2021 have been prepared in accordance with IAS 34 Interim Financial Reporting of International Financial Reporting Standards ("IFRS"). The condensed interim financial statements do not include all the information required for a complete set of financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group's financial position and performance of the Group since the last annual financial statements for the year ended 31 December 2020.

The accounting policies adopted are consistent with those of the previous financial year which were prepared in accordance with IFRS, except for the adoption of new and amended standards as set out in Note 2.1.

The financial statements are presented in Malaysia ringgit ("RM") which is the Company's functional currency. All financial information is presented in RM and rounded to the nearest thousand, unless otherwise stated.

2.1. New and amended standards adopted by the Group

A number of amendments to Standards have become applicable for the current reporting period. The Group did not have to change its accounting policies or make retrospective adjustments as a result of adopting those standards.

2.2. Use of judgements and estimates

In preparing the condensed interim financial statements, management has made judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

The significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the audited consolidated financial statements as at and for the year ended 31 December 2020.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

Notes to the Condensed Interim Consolidated Financial Statements (Cont'd)

3. Seasonal operations

The Group's businesses are not affected significantly by seasonal or cyclical factors during the financial period. The vessels utilisation of the chartering business is affected by monsoon.

4. Segment and revenue information

The Group is organised into the following main business segments:

- (i) Shipbuilding
- (ii) Vessel chartering
- (iii) Others - investment holding and trading of vessel machineries

	Shipbuilding RM'000	Chartering RM'000	Others RM'000	Eliminations RM'000	Total RM'000
9 months ended 30 September 2021					
Revenue					
External revenue	-	223,026	-	-	223,026
Results					
Interest income	515	855	8,397	(8,397)	1,370
Depreciation of property, plant and equipment	(957)	(19,387)	(2)	-	(20,346)
Loss on disposal of property, plant and equipment	-	(564)	-	-	(564)
Impairment on property, plant and equipment	-	(3,012)	-	-	(3,012)
Gain on waiver of debt	-	12,707	-	-	12,707
Restructuring expenses	-	-	(1,010)	-	(1,010)
Finance costs	(11,319)	(12,504)	(10,989)	8,287	(26,525)
Share of results of joint ventures	-	-	(1,937)	-	(1,937)
(Loss)/Profit before tax	(11,434)	41,928	(35,001)	-	(4,507)

Notes to the Condensed Interim Consolidated Financial Statements (Cont'd)

4. Segment and revenue information (Cont'd)

	Shipbuilding RM'000	Chartering RM'000	Others RM'000	Eliminations RM'000	Total RM'000
As at 30 September 2021					
Additions to non-current assets	251	35,973	-	-	36,224
Investment in joint ventures	-	-	1,111	-	1,111
Segment assets	291,089	1,547,327	34,668	(1,172,851)	700,233
Segment liabilities	1,434,905	2,166,093	1,159,035	(3,306,264)	1,453,769
9 months ended 30 September 2020					
Revenue					
External revenue	51,886	216,238	-	-	268,124
Results					
Interest income	106	1,630	8,248	(8,248)	1,736
Depreciation of property, plant and equipment	(1,036)	(23,538)	(50)	520	(24,104)
Gain on waiver of debt	-	805	-	-	805
Gain on waiver of prepaid land lease payments	2,528	-	-	-	2,528
Impairment on investment in an associate	-	-	(17,288)	-	(17,288)
Impairment on investment in a joint venture	-	-	(1,430)	-	(1,430)
Impairment on property, plant and equipment	-	(285,234)	-	-	(285,234)
Impairment losses on trade and other receivables reversed/(made)	720	(8,076)	-	-	(7,356)

Notes to the Condensed Interim Consolidated Financial Statements (Cont'd)

4. Segment and revenue information (Cont'd)

	Shipbuilding RM'000	Chartering RM'000	Others RM'000	Eliminations RM'000	Total RM'000
9 months ended 30 September 2020 (Cont'd)					
Inventories written down	(32,587)	(551)	-	-	(33,138)
Restructuring expenses	-	-	1,119	-	1,119
Finance costs	(12,357)	(16,282)	(9,201)	8,446	(29,394)
Share of results of joint ventures	-	-	(1,350)	-	(1,350)
Share of results of associates	-	-	(1,519)	-	(1,519)
Loss before tax	(89,345)	(217,091)	(55,619)	-	(362,055)
As at 31 December 2020					
Additions to non-current assets	1,186	11,002	-	-	12,188
Investment in joint ventures	-	-	667	-	667
Segment assets	78,469	1,420,235	25,299	(794,529)	729,474
Segment liabilities	1,565,615	1,624,154	1,034,466	(2,723,332)	1,500,903

Notes to the Condensed Interim Consolidated Financial Statements (Cont'd)

4. Segment and revenue information (Cont'd)

Revenue and non-current assets information based on the geographical location of customers and assets respectively are as follows:

	9 months ended 30.09.2021 RM'000	9 months ended 30.09.2020 RM'000
Revenue		
Malaysia	210,250	216,238
United Kingdom	-	51,886
Vietnam	12,776	-
	<u>223,026</u>	<u>268,124</u>
	30.06.2021 RM'000	31.12.2020 RM'000
Non-current assets		
Malaysia	454,860	486,284
Singapore	7	10
	<u>454,867</u>	<u>486,294</u>

Non-current assets information presented above consist of the following items as presented in the consolidated statement of financial position.

	30.09.2021 RM'000	31.12.2020 RM'000
Property, plant and equipment	453,756	485,627
Investment in joint ventures	1,111	667
	<u>454,867</u>	<u>486,294</u>

Notes to the Condensed Interim Consolidated Financial Statements (Cont'd)

5. Other income

	The Group			
	3rd quarter ended 30.09.2021 RM'000	3rd quarter ended 30.09.2020 RM'000	9 months ended 30.09.2021 RM'000	9 months ended 30.09.2020 RM'000
Gain on disposal of property, plant and equipment	-	869	-	1,040
Interest income	280	608	1,370	1,736
Miscellaneous	322	709	1,785	1,929
Insurance claim proceeds	-	-	1,395	-
Gain on waiver of debts	12,707	-	12,707	805
Gain on waiver of prepaid land lease payments	-	-	-	2,528
	<u>13,309</u>	<u>2,186</u>	<u>17,257</u>	<u>8,038</u>

6. Profit/(Loss) before tax

	The Group			
	3rd Quarter ended 30.09.2021 RM'000	3rd Quarter ended 30.09.2020 RM'000	9 months ended 30.09.2021 RM'000	9 months ended 30.09.2020 RM'000
The following amounts have been included in arriving at profit/(loss) before tax:				
<i>Cost of sales</i>				
Depreciation of property, plant and equipment	<u>6,960</u>	<u>5,942</u>	<u>19,089</u>	<u>22,731</u>
<i>Administrative expenses</i>				
Depreciation of property, plant and equipment	<u>422</u>	<u>442</u>	<u>1,257</u>	<u>1,373</u>
<i>Other operating expenses</i>				
Accretion of non-current trade payables	6,613	6,315	12,470	13,682
Contract termination expenses relating to prepayments for inventories	-	48	-	48
Property, plant and equipment written off	-	1	-	793
Foreign exchange loss, net	(3,888)	8,162	12,263	11,467
Loss on disposal of property, plant and equipment	-	-	564	-
Restructuring expenses	<u>130</u>	<u>1,119</u>	<u>1,010</u>	<u>1,119</u>

Notes to the Condensed Interim Consolidated Financial Statements (Cont'd)

7. Income tax expense

The Group calculates the period income tax expense using the tax rate that would be applicable to the expected total annual earnings. The major components of income tax expense in the condensed interim consolidated statement of profit or loss are:

	The Group	
	9 months ended 30.09.2021 RM'000	9 months ended 30.09.2020 RM'000
Current income tax expense:		
- Current year	3,389	5,994
- Underprovision in prior year	1,566	459
Deferred tax expense:		
- Overprovision in prior year	(258)	-
	<u>4,697</u>	<u>6,453</u>

8. Related party transactions

In addition to the related party information disclosed elsewhere in the condensed interim financial statements, the following are transactions with related parties made at terms agreed between the parties:

	The Group	
	9 months ended 30.09.2021 RM'000	9 months ended 30.09.2020 RM'000
Joint venture		
- interest income	712	733
Other related parties in which directors and key management have interest		
- purchases	103	142
- rental expense	<u>587</u>	<u>732</u>

Notes to the Condensed Interim Consolidated Financial Statements (Cont'd)

9. Net asset value

	The Group		The Company	
	30.09.2021	31.12.2020	30.09.2021	31.12.2020
Net asset value per ordinary share (Malaysia sen)	(9.6)	(10.6)	(10.2)	(10.7)
Ordinary shares in issue	7,816,909,146	7,272,640,629	7,816,909,146	7,272,640,629

10. Property, plant and equipment

During the nine months ended 30 September 2021, the Group acquired assets amounting to RM36,224,000 (30 September 2020: RM1,050,000) and disposed of assets amounting to RM60,528,000 (30 September 2020: RMNil).

Including in the additions to property, plant and equipment is right-of-use assets of RM23,397,000 (30 September 2020: RMNil).

During the nine months ended 30 September 2021, the Group recognised additional impairment on property, plant and equipment of RM3,012,000 based on the difference between the carrying amount of the vessels and the estimated selling price of the vessels in the market.

11. Trade and other receivables

	The Group		The Company	
	30.09.2021	31.12.2020	30.06.2021	31.12.2020
	RM'000	RM'000	RM'000	RM'000
Non-current				
Trade receivables from a third party	12,610	15,482	-	-
Less: Allowance for impairment losses	(12,610)	(15,482)	-	-
	-	-	-	-
Current				
Trade receivables	147,561	106,951	-	-
Less: Allowance for impairment losses	(20,493)	(17,362)	-	-
	127,068	89,589	-	-
Amount due from subsidiaries (non-trade)	-	-	98,241	86,764
Amounts due from associates and joint ventures (non-trade)	48,288	34,334	-	-
Deposits and other receivables	29,306	25,053	213	213
Less: Allowance for impairment losses				
- amount due from subsidiaries (non-trade)	-	-	(98,241)	(86,764)
- amounts due from associate and joint ventures (non-trade)	(22,250)	(21,349)	-	-
- other receivables	(2,206)	(2,204)	-	-
	53,138	35,834	213	213
Total trade and other receivables	180,206	125,423	213	213

Notes to the Condensed Interim Consolidated Financial Statements (Cont'd)

11. Trade and other receivables (Cont'd)

As at even date, RM26.0 million (or 20.4%) of the net trade receivables of RM127.1 million in 9M2021 has been collected from the customers subsequent to 9M2021. The Group continue to monitor the aging and collection of receivables on an on-going basis. For those receivables which are past due and doubtful of collection, reminders have been sent to the relevant customers before issuance of demand letters and the recovery of debts via legal proceedings where necessary.

12. Share capital and share premium

	The Group and the Company			
	30.09.2021 '000	31.12.2020 '000	30.09.2021 RM'000	31.12.2020 RM'000
Number of ordinary shares				
<u>Share capital</u>				
Issued and fully paid				
At 1 January	7,272,641	7,144,299	3,552	3,484
Issuance of non-sustainable debt shares	416,918	-	218	-
Issuance of term loan shares	127,350	128,342	66	68
	<u>7,816,909</u>	<u>7,272,641</u>	<u>3,836</u>	<u>3,552</u>

Share premium

	The Group		The Company	
	30.09.2021 RM'000	31.12.2020 RM'000	30.09.2021 RM'000	31.12.2020 RM'000
At 1 January	303,028	300,417	303,028	300,417
Issuance of non-sustainable debt shares	4,848	-	4,848	-
Issuance of term loan shares	1,481	2,611	1,481	2,611
	<u>309,357</u>	<u>303,028</u>	<u>309,357</u>	<u>303,028</u>

Share premium is the amount subscribed for ordinary shares in the capital of the Company in excess of the nominal value.

13. Borrowings

	The Group		The Company	
	30.09.2021 RM'000	31.12.2020 RM'000	30.09.2021 RM'000	31.12.2020 RM'000
Bilateral facilities debt (secured)	102,931	100,568	-	-
Term loan - sustainable debts (unsecured)	896,942	896,607	679,418	670,869
	<u>999,873</u>	<u>997,175</u>	<u>679,418</u>	<u>670,869</u>

Represented by:

Current	<u>999,873</u>	<u>997,175</u>	<u>679,418</u>	<u>670,869</u>
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Notes to the Condensed Interim Consolidated Financial Statements (Cont'd)

13. Borrowings (Cont'd)

Bilateral Facilities Debt

The maturity date of the Bilateral Facilities Debt was 31 December 2020.

Term Loan - Sustainable Debts

The tenor of the Term Loan is from 1 January 2018 to 31 December 2024. Interest is charged at 4% per annum. The principal shall be repaid in eight half-yearly instalments from 2021 to 2024 in the percentage of 10%, 20%, 30% and 40%, respectively.

The repayment of the borrowings have been suspended since the financial year ended 31 December 2020. Consequently, the non-current borrowings became repayable on demand and were classified as current liabilities. The Group is currently in discussions with the lenders to review its options of restructuring its debts. Please refer to Paragraph 6 of Other Information Required by Listing Rule Appendix 7.2 for further information.

Borrowings are secured by the underlying assets, comprising leasehold land, buildings and vessels with carrying amount of RM5,853,000 (31.12.2020 – RM5,975,000), RM1,629,000 (31.12.2020 – RM1,663,000) and RM43,546,000 (31.12.2020 – RM43,464,000), respectively.

14. Financial assets and financial liabilities

Set out below is an overview of the financial assets and financial liabilities of the Group and of the Company as at 30 September 2021 and 31 December 2020:

	The Group		The Company	
	30.09.2021	31.12.2020	30.09.2021	31.12.2020
	RM'000	RM'000	RM'000	RM'000
Financial assets at amortised cost				
Trade and other receivables	180,206	125,423	213	213
Cash and bank balances	34,641	95,350	97	158
Fixed deposits	1,032	1,005	-	-
	<u>215,879</u>	<u>221,778</u>	<u>310</u>	<u>371</u>
Financial liabilities at amortised cost				
Bilateral facilities debt	102,931	100,568	-	-
Term loan	896,942	896,607	679,418	670,869
Lease liabilities	19,246	1,704	-	-
Trade and other payables	381,423	452,478	76,862	61,935
	<u>1,400,542</u>	<u>1,451,357</u>	<u>756,280</u>	<u>732,804</u>

Other Information Required by Listing Rule Appendix 7.2

1. A statement showing all sales, transfers, disposal, cancellation and/or use of treasury shares as at the end of the current financial period reported on preceding year.

There were no movement in the treasury shares during the third quarter of 2021. As at 30 September 2021, 6,678,597 shares were held as treasury shares by the Company.

2. Whether the figures have been audited, or reviewed and in accordance with which standard (e.g. the Singapore Standard on Auditing 910 (Engagements to Review Financial Statements), or an equivalent

The condensed consolidated statement of financial position of Nam Cheong Limited and its subsidiaries as at 30 September 2021 and the related condensed consolidated profit or loss and other comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the nine-month period then ended and certain explanatory notes have not been audited or reviewed.

3. Where the figures have been audited or reviewed, the auditors' report (including any modifications or emphasis of matter).

Not applicable.

4. Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied.

The accounting policies and methods of computation for the current reporting period adopted are consistent with those stated in the Annual Report for the financial year ended 31 December 2020.

5. If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change.

The accounting policies and methods of computation for the current reporting period adopted are consistent with those stated in the Annual Report for the financial year ended 31 December 2020.

Other Information Required by Listing Rule Appendix 7.2 (Cont'd)

6. A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. The review must discuss any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors. It must also discuss any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on

Review of Group Performance

(a) Condensed Interim Consolidated Statement of Profit or Loss and Other Comprehensive Income

9M2021 vs 9M2020

	9M2021				9M2020				Variance			
	Revenue		Gross Profit	Gross Profit Margin	Revenue		Gross Profit	Gross Profit Margin	Revenue		Gross Profit	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Shipbuilding	-	-	-	n.m.	51,886	19%	1,528	3%	(51,886)	n.m.	(1,528)	n.m.
Vessel Chartering	223,026	100%	59,941	27%	216,238	81%	62,720	29%	6,788	3%	(2,779)	(4%)
Total	223,026	100%	59,941	27%	268,124	100%	64,248	24%	(45,098)	(17%)	(4,307)	(7%)

For the nine months ended 30 September 2021 ("9M2021"), the Group's revenue from vessel chartering division increased by 3% from RM216.2 million in the previous corresponding nine months ended 30 September 2020 ("9M2020") to RM223.0 million in 9M2021. This was mainly attributable to higher vessel utilisation rate in 9M2021.

The shipbuilding division recorded a revenue of RM51.9 million during 9M2020 due to the completion of sale and delivery of an Emergency Response and Rescue Vessel ("ERRV") to a customer based in North Sea towards the end of 9M2020. Conversely, there was no vessel sale and delivery in 9M2021.

With the marginal increase in chartering revenue and the absence of shipbuilding revenue, gross profit decreased by 7% to RM59.9 million in 9M2021.

Other income was higher at RM17.3 million in 9M2021 as compared to RM8.0 million recorded in 9M2020 mainly due to the waiver of debts by a trade creditor amounted to RM12.7 million in 9M2021 as result of successful negotiation and settlement.

6. (Contd.)

Review of Group Performance (Contd.)

(a) Condensed Interim Consolidated Statement of Profit or Loss and Other Comprehensive Income

9M2021 vs 9M2020

Selling and administrative expenses decreased from RM30.5 million to RM23.9 million in 9M2021, primarily attributed to the group wide cost rationalisation exercise in 2020.

Other operating expenses of RM29.3 million in 9M2021 was significantly lower than RM371.6 million recorded in 9M2020 mainly due to the decrease in impairment made on property, plant and equipment by RM282.2 million, as well as the absence of impairment on investment in an associate of RM17.3 million and inventories written down amounting to RM33.1 million recorded in 9M2020.

Finance costs decreased to RM26.5 million in 9M2021 as compared to RM29.4 million recorded in 9M2020, mainly due to the decrease in finance cost related to vessel financing during the period.

Share of loss of equity accounted joint ventures was higher RM1.9 million in 9M2021 as compared to RM1.4 million recorded in 9M2020 mainly due to lower vessel utilisation rate. Whereas for equity accounted associates, the Group has shared up to the maximum losses in FY2020.

Mainly due to the decrease of impairment on property, plant and equipment, the absence of impairment on investment in an associate and inventories written down recorded in 9M2020, the Group registered a lower net loss after tax of RM9.2 million in 9M2021 as compared to a net loss after tax of RM368.5 million in 9M2020.

3Q2021 vs 3Q2020

	3Q2021				3Q2020				Variance			
	Revenue		Gross Profit		Revenue		Gross Profit		Revenue		Gross Profit	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Shipbuilding	-	-	-	n.m.	-	-	-	n.m.	-	n.m.	-	n.m.
Vessel Chartering	79,742	100%	18,168	23%	78,558	100%	23,556	30%	1,184	2%	(5,388)	(23%)
Total	79,742	100%	18,168	23%	78,558	100%	23,556	30%	1,184	2%	(5,388)	(23%)

Other Information Required by Listing Rule Appendix 7.2 (Cont'd)

6. (Contd.)

Review of Group Performance (Contd.)

(a) Condensed Interim Consolidated Statement of Profit or Loss and Other Comprehensive Income (Cont'd)

3Q2021 vs 3Q2020

For the 3 months ended 30 September 2021 ("3Q2021"), the Group's revenue from vessel chartering division of RM79.7 million was relatively consistent with the revenue of RM78.6 million achieved in the previous corresponding third quarter ended 30 September 2020 ("3Q2020").

The shipbuilding segment did not register any revenue for both 3Q2021 and 3Q2020 as there was no vessel scheduled for delivery during the period.

Gross profit decreased by 23% to RM18.2 million in 3Q2021 mainly due to higher vessel operating cost in 3Q2021.

Other income was higher at RM13.3 million in 3Q2021 as compared to RM2.2 million recorded in 3Q2020 mainly due to the waiver of debts by a trade creditor amounted to RM12.7 million in 3Q2021 as result of successful negotiation and settlement.

Selling and administrative expenses were consistent in both 3Q2021 and 3Q2020, ranging between RM8.0 million to RM9.0 million.

Other operating expenses of RM2.9 million in 3Q2021 was significantly lower than RM64.3 million recorded in 3Q2020 mainly due to the decrease in impairment made on property, plant and equipment by RM29.9 million, as well as the absence of inventories written down amounting to RM19.6 million recorded in 3Q2020.

Finance costs was relatively consistent at RM8.2 million in 3Q2021 and RM8.0 million in 3Q2020.

Share of loss of equity accounted joint ventures, was lower at RM10 thousand in 3Q2021 as compared to RM0.8 million in 3Q2020 mainly due to higher vessel utilisation rate. Whereas for equity accounted associates, the Group has shared up to the maximum losses in FY2020.

As a result of the above, the Group registered a net profit after tax of RM7.9 million in 3Q2021 as compared to a net loss after tax of RM60.9 million in 3Q2020.

Other Information Required by Listing Rule Appendix 7.2 (Cont'd)

6. (Contd.)

Review of Group Performance (Contd.)

(b) Condensed Interim Statements of Financial Position (Group)

Total Assets

Total assets of the Group decreased marginally by 4.0% or RM29.2 million from RM729.5 million as at 31 December 2020 ("FY2020") to RM700.2 million as at 30 September 2021 ("9M2021") mainly due to:

- (i) Property, plant and equipment decreased by RM31.9 million or 6.6% from RM485.6 million to RM453.8 million mainly due to the return of an accommodation workboat to a trade creditor as settlement of the respective trade payables during the period; and
- (ii) Cash and bank balances decreased by RM60.7 million or 63.7% from RM95.3 million to RM34.6 million mainly due to the repayment of trade payables during the period.

The decrease in total assets was partially offset by the following:

- (i) Inventories increased by RM5.3 million or 29.4% from RM17.9 million to RM23.2 million mainly due to additional vessel construction work in progress during the period;
- (ii) Trade and other receivables increased by RM54.8 million or 43.79% from RM125.4 million as at FY2020 to RM180.2 million as at 9M2021 mainly due to the sale of an AHTS on a deferred payment basis amounting to RM24.3 million as well as the increase in the billing of vessel chartering and related services provided to the customers during the period; and
- (iii) Prepayment increased by RM2.7 million from RM2.4 million to RM5.1 million due to the purchase of engines, equipment, tools and consumables in relation to the Group's vessels.

Total Liabilities

Total liabilities of the Group decreased marginally by 3.1% or RM47.1 million from RM1.50 billion as at FY2020 to RM1.45 billion as at 9M2021 mainly due to the decrease in trade payables from RM453.1 million in FY2020 to RM381.9 million in 9M2021 as a result of repayment and settlement with the trade creditors during the period.

The decrease was partially offset by the increase in lease liabilities of RM17.5 million in relation to the addition of right-of-use asset during the period.

Negative working capital

The decrease in net working capital of RM0.6 million, or 0.1%, from negative RM1,125.9 million as at FY2020 to negative RM1,126.5 million as at 9M2021 was mainly due to the increase in trade and other receivables of RM54.8 million, which was partially offset by the decrease in cash and bank balance by RM60.7 million and the increase in lease liabilities of RM17.5 million.

Other Information Required by Listing Rule Appendix 7.2 (Cont'd)

6. (Contd.)

Review of Group Performance (Contd.)

(b) Condensed Interim Statements of Financial Position (Group)

Negative working capital (Cont'd)

The following steps, which has been announced previously, have been taken by the Group as part of on-going measures to position the Group to ride out this incredibly challenging market environment and also to address its debt obligations:

- (i) The Group has been holding discussions with its principal lenders and has appointed advisors to help address significant debt maturities, which may include, inter alia, extension of the maturities and/or restructuring of existing loans (“Restructuring”).

As a positive development, the Group’s wholly owned subsidiary, Nam Cheong Dockyard (“NCD”) applied and was formally admitted into the Corporate Debt Restructuring Committee of Malaysia (“CDRC”), a committee under the purview of Bank Negara Malaysia (the Central Bank of Malaysia) in October 2020, for the CDRC’s assistance to mediate between NCD and its financial creditors. These financial institution creditors are expected to observe an informal standstill, and withhold from any proceedings against, inter alia, NCD and its subsidiaries. Since November 2020, NCD has been engaging actively with both financial creditors and trade creditors.

- (ii) The Group has been reviewing its cash flow projections, in the face of the great business uncertainties, operational disruptions and costs containment measures. It has been entering into discussions with various parties regarding possible actions to contain operating costs and to preserve working capital to fund the Group’s operations.
- (iii) The Group has explored various strategies to bolster its financial position whilst continuing its cost rationalisation measures to improve overall competitiveness.

However, no definitive agreements in relation to the Restructuring have been entered into by the Group as at even date. Pending the conclusion of definitive agreements in relation to the Restructuring to be entered into by the Group, there can be no assurance or reasonable certainty that any discussions or any Restructuring options will materialise or be successfully concluded. Please refer to the Company’s announcement on 25 June 2021 and 2 July 2021 for more information.

(c) Condensed Interim Consolidated Statements of Cash Flows

9M2021

Net cash used in operating activities of RM37.9 million in 9M2021 was mainly due to the repayment of trade payables during the period.

Net cash used in investing activities of RM15.2 million in 9M2021 was mainly due to payment made for acquisition of property, plant and equipment of RM14.2 million and subscription of shares in a joint venture of RM2.4 million during the period.

Net cash used in financing activities of RM5.2 million in 9M2021 was mainly due to repayment of lease liabilities.

Other Information Required by Listing Rule Appendix 7.2 (Cont'd)

6. (Contd.)

Review of Group Performance (Contd.)

(c) Condensed Interim Consolidated Statements of Cash Flows

3Q2021

Net cash used in operating activities of RM40.6 million in 3Q2021 was mainly due to repayment of trade payables during the period.

Net cash used in investing activities of RM0.8 million in 3Q2021 was mainly due to payment made for acquisition of property, plant and equipment of RM1.1 million.

Net cash used in financing activities of RM2.2 million in 3Q2021 was mainly due to repayment of lease liabilities.

7. Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results

There is no material change from the previous prospect statement.

8. A commentary at the date of the announcement of the competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months

The vaccination rate for the adult population in Malaysia has exceeded 90% and Malaysia has pivoted to an endemic Covid-19 phase since October 2021, lifting restrictions and reopening its economy. Notwithstanding that, the outlook of the offshore & marine industry remains challenging and the Group will continue to remain vigilant to navigate the challenging market environment.

The Group continues to work with its creditors on business restructuring options and will provide relevant updates as and when there is further progress.

9. Dividend

(a) Current Financial Period Reported On

Any dividend declared for the current financial period reported on?

None.

(b) Corresponding Period of the Immediately Preceding Financial Year

Any dividend declared for the corresponding period of the immediately preceding financial year?

None.

(c) Date payable

Not applicable.

(d) Books closure date

Not applicable.

Other Information Required by Listing Rule Appendix 7.2 (Cont'd)

10. If no dividend has been declared (recommended), a statement to that effect and the reason(s) for the decision

No dividend has been declared in the period under review as the Company is working through its restructuring arrangement and wishes to enhance the financial strength of the Company.

11. General mandate relating to interested person transactions

The Group has not obtained a general mandate from shareholders for interested person transactions.

12. Confirmation pursuant to Appendix 7.7 under Rule 720(1) of the Listing Manual

The Board of Directors of Nam Cheong Limited hereby confirms that the undertakings from all its directors and executive officers as required in the format as set out in Appendix 7.7 under Rule 720(1) of the Listing Manual were procured.

13. Confirmation from the Board

We, the undersigned, hereby confirm that to the best of our knowledge, nothing has come to the attention of the Board of Directors of the Company which may render the unaudited financial statements of the Group and of the Company for the nine months ended 30 September 2021 to be false or misleading in any material aspect.

On behalf of the Board of Directors

Tan Sri Datuk Tiong Su Kouk
Executive Chairman

Leong Seng Keat
Chief Executive Officer

11 November 2021